

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

**Notice FC-173**

1941-A

**For:** State and County Offices

**Youth Loans**

**Approved by:** Deputy Administrator, Farm Loan Programs

*Carolyn B. Cooksey*

**1 Overview**

**A  
Background**

Provisions of FmHA Instruction 1941-A permit youth loans to persons who:

- have reached the age of 10 but have not reached the age 21
- reside in a rural area or a town with a population of 10,000 or less.

These modest projects must be initiated, developed, and carried out by rural youths participating in 4-H, FFA, or similar organizations. Projects must produce enough income to meet expenses and debt repayment.

**B  
Purpose**

This notice informs offices about requirements for youth loans.

**2 Requirements for Rural Youth Project Loans**

**A  
Recommendation  
by Parent and  
Group Leader**

If otherwise eligible, a rural youth who applies for an OL loan must be recommended by a project advisor, such as a 4-H club advisor, vocational teacher, home economics teacher, county extension agent, or other organizational sponsor or advisor. In addition, a youth who has not reached the age of majority under State law must obtain a written recommendation from a parent or guardian. All recommendations will be filed with the application in the borrower's case file.

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**Disposal Date**

March 1, 1999

**Distribution**

State Offices; State Offices relay to County  
Offices

## 2 Requirements for Rural Youth Project Loans (Continued)

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### B Cosignors

A cosignor will be required only when it has been determined that the applicant cannot possibly meet the repayment or security requirements for the loan request.

**Note:** When a feasible plan is developed using realistic figures, no cosignor will be required.

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## 3 Loan Limitations

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### A Limitations

Youth loan will not be approved if the total outstanding youth loan principal balance exceeds \$5,000 at loan closing.

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### B Contact

If there are questions about this notice:

- County Offices shall contact the State Office
  - State Offices shall contact LMD.
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